

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 COME-00 INT-05 GSA-01 AF-06

EA-06 EUR-12 NEA-10 L-02 CIAE-00 DODE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 SP-02 /073 W

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 6701

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E.O. 11652: N/A

TAGS: EMIN, ETRD, EALR, BL

SUBJECT: GSA TUNGSTEN DISPOSAL POLICY VIEWED BY GOB

REF: STATE A-3184

1. REACTION TO MINMINES TO GSA'S REPORT "IMPACT ON GSA TUNGSTEN DISPOSALS ON TUNGSTEN PRICES" IS REFLECTED BY FOLLOWING INSTRUCTIONS FROM GOB THROUGH MINMINES TO BOLIVIAN AMBASSADOR CAPRILES REGARDING CONSULTATIONS WITH STATE DEPARTMENT ON GSA TUNGSTEN STOCKPILE SALES PROGRAM.

2. "INDICATE FORMAL OPPOSITION TO GSA TUNGSTEN SALES IN QUANTITIES INDICATED AND AT TIME WHEN INDUSTRIAL ACTIVITIES DECREASING. RESULT OF PLANNED GSA SALES WOULD BE EVEN LOWER PRICES SUCH AS OCCURRED AFTER GSA'S 1969 TUNGSTEN SALES WHICH HAD DISASTEROUS EFFECTS ON TUNGSTEN PRICES IN 1971-1972. REPETITION OF TUNGSTEN SALE PROGRAM GUIDED BY SHORT-TERM PRICE MOVEMENTS LIKELY TO HAVE SIMILAR EFFECT TO PRODUCERS IN NEAR FUTURE.

3. "ACCEPTABLE ALTERNATIVE WOULD BE THAT GSA TUNGSTEN SALES BE MADE AT TIMES OF TUNGSTEN SCARCITY AND PAID FULLY IN CASH. OBJECTIVE IS NOT TO GIVE METAL TRADERS OR MIDDLEMEN SPECIAL PRIVILEGES. CONSEQUENTLY, GSA SHOULD SELL AT SHELF PRICE WHICH WOULD GUARANTEE MINIMUM PRICE AND UNDER NO CIRCUMSTANCE SHOULD GSA SELL AT PRICES

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PREJUDICIAL TO TUNGSTEN PRODUCERS IN WESTERN HEMISPHERE. SHELF

PRICE SHOULD BE US \$80 PER SHORT TON UNIT. IF TUNGSTEN PRICES IN PAST WERE AT TIMES LOWER THAN GSA'S SHELF PRICE, THIS WAS INDICATION THAT TUNGSTEN OFFERED BY GSA WAS IN EXCESS OF MARKET NEEDS.

4. " FINALLY, THIS IMPORTANT PROBLEM WHICH CLOUDS THE CORDIAL RELATIONS BETWEEN OUR TWO COUNTRIES, IN PRESENT CRITICAL SITUATION OF ALL OUR RAW MATERIAL EXPORTS, IS LEFT UNDER THE GUIDANCE OF YOUR GOOD JUDGEMENT AND SAGACITY. SIGNED, AST. SELAYA MIN MINING AND METALLURGY."
STEDMAN

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Message Attributes

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